

## **Microbrewery Licensees, Hard Cider, Residency Requirements; SB 326**

**SB 326** amends several statutes related to the production of alcohol.

### ***Microbrewery Production Limits***

The bill increases the amount of beer that can be manufactured with a microbrewery license, allowing production between 100 and 60,000 barrels of domestic beer in a calendar year for each microbrewery license issued in the state. The bill also specifies that if a licensee has a 10 percent or greater ownership interest in one or more entities that also hold a microbrewery license, the aggregate number of domestic barrels manufactured by all licenses under such common ownership cannot exceed 60,000 barrels. Under prior law, each license allowed the production of between 100 and 30,000 barrels of beer in a calendar year.

The bill specifies that a microbrewery licensee that also is licensed as a club or drinking establishment can sell and transfer domestic beer to that club or drinking establishment. Microbrewery licensees with 10 percent or greater ownership interest in one or more entities that also hold a microbrewery license are allowed to manufacture and transfer domestic beer between the microbrewery licenses with common ownership for storage or sale. Microbrewery licensees also are able to remove hard cider produced by the licensee from the licensed premises for delivery to licensed wine distributors.

### ***Production of Hard Cider***

The bill allows a microbrewery to manufacture and distribute not more than 100,000 gallons of hard cider. Under prior law, microbreweries could manufacture only beer.

The bill defines “hard cider” as any alcoholic beverage that:

- Contains less than 8.5 percent alcohol by volume;
- Has a carbonation level that does not exceed 6.4 grams per liter; and
- Is obtained by the normal alcoholic fermentation of the juice of sound, ripe apples or pears, including such beverages containing sugar added for the purpose of correcting natural deficiencies.

The bill requires no less than 30 percent of products used by a microbrewery to manufacture hard cider be Kansas-grown products, except when a lesser proportion is authorized by the Director of Alcoholic Beverage Control. This lesser proportion of Kansas-grown products will be authorized based on the Director’s findings and judgment and will be determined based on the annual production of hard cider.

The bill also amends the definition of “wine” to include hard cider and any other product commonly known as a subset of wine.

### ***Residency Requirements***

The bill amends the Liquor Control Act to remove the one-year residency requirement for microbrewery, microdistillery, and farm winery licensees. Microbrewery, microdistillery, and farm winery licensees still are required to be Kansas residents.

The portions of the bill dealing with the production of hard cider become effective on January 1, 2017.